

Memorandum

TO: City Council

FROM: Tom Simonson , Assistant City Manager and Community Development Director

DATE: November 3, 2025

SUBJECT: Resolution approving tax increment financing development agreement; and also approving a sixth amendment to purchase agreement with Enclave Shoreview Rice Street, LLC, for the Krew redevelopment project.

ITEM NUMBER: 8.g

SECTION: CONSENT AGENDA

REQUESTED MOTION

To adopt Resolution No. 25-84, authorizing the execution of a tax increment financing development agreement; and also approving a sixth amendment to purchase agreement with Enclave Shoreview Rice Street, LLC, for the Krew redevelopment project.

INTRODUCTION

Two proposed actions are presented to the city council for consideration relating to final preparations for the closing on the sale of city-owned property and tax increment financing development agreement with Enclave Shoreview Rice Street, LLC, in order for the construction of the Krew Apartments redevelopment project to commence. Specifically, the council is being asked to approve the following:

- Resolution authorizing the execution of a tax increment financing development agreement pursuant to the agreed upon terms previously approved.
- Approval of a sixth amendment to purchase agreement with the developer moving the closing on the land transaction to no later than December 12, 2025.

DISCUSSION

Purchase Agreement

The city and developer executed a purchase agreement on May 6, 2024 for the sale of the city-owned 11-acre parcel at the southwest quadrant of Interstate 694 and Rice Street. The approved development plan includes 293 apartments, including 8 live/work units, and approximately 5,000 square feet of building endcap for retail/restaurant space. A housing tax increment district has been established to financially assist with the project costs to clean-up the brownfield site and support affordable housing of 20% (59 units) of the apartments that will be available to people at 50% of the area median income (AMI).

Since the original purchase agreement was approved and executed, there have been five amendments that have extended the inspection period and the closing date. These extensions were necessitated by delays due to a variety of reasons including the overall complexity of the project, working through cleanup grant terms with the Minnesota Department of Employment

and Economic Development, and challenges in the developer securing financing with changes to the market and uncertain economy. Enclave has now resolved these outstanding issues, and has the project financing in place, but the purchase agreement closing date needs to be adjusted to no later than December 12, 2025. This sixth amendment is expected to be the last change prior to the formal closing on the property transaction. No purchase amount or sale terms change from what was previously approved with the exception of the closing date. Chad Lemmons, from Kelly and Lemmons, representing the city has drafted and approved the language presented in the sixth amendment.

TIF Development Agreement

The city has previously established TIF District No. 16. On July 15, 2024, the city council approved the execution of a Development Agreement with Enclave Shoreview Rice Street, LLC, whereby the city will provide tax increment financing assistance for certain costs incurred by the developer with the construction of the approximately 293-unit apartment building. Due to delays in financing and construction, the agreement has not been executed by the City of Shoreview and Enclave. The developer has requested certain updates to the development agreement due to the delayed construction schedule and an amended draft of the development agreement is now presented for city council approval. This development agreement does not impact or alter the terms and obligations that have been agreed upon and approved for the tax increment financing assistance.

The developer has also secured a construction loan for the project from Protective Life Insurance Company and as a condition of providing the loan, the lender has required that the developer assign its interest in the development agreement and the TIF note to be issued pursuant to the development agreement to the lender pursuant to a collateral assignment of development agreement and TIF note. The assignment does not negatively impact the city's rights under the development agreement or the TIF note to be issued. The city is a party to the assignment, but pursuant to the development agreement, city council approval is not required for the execution of the assignment.

The development agreement and related documents including the assignment of the development agreement and TIF note have been reviewed and approved by our tax increment attorneys at the Taft law firm.

RECOMMENDATION

Staff is recommending the city council adopt Resolution No. 25-84, authorizing the execution of a tax increment financing development agreement; and also approving a sixth amendment to purchase agreement with Enclave Shoreview Rice Street, LLC, for the Krew redevelopment project.

ATTACHMENTS

[Shoreview TIF 16 Resolution No. 25-84, Approving Modification to Development Agreement \(Enclave - The Krew\)](#)

[Shoreview TIF 16 - Amended and Restated Development Agreement \(Enclave\)](#)

[Shoreview TIF 16- Collateral Assignment of Development Agreement and TIF Note](#)

[Sixth Amendment to Purchase Agreement - Enclave](#)